

Message Text

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ACTION NEA-06

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-01 INR-10 L-02

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 4372

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FOLLOWING SENT ACTION NEW DELHI INFO BOMBAY CALCUTTA ON
OCT 7. NOW REPEATED YOU FOR INFO.

QUOTE

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E.O. 11652: N/A

TAGS: PFOR, IN

SUBJECT: IMPRESSIONS OF ANDHRA PRADESH

1. I VISITED HYDERABAD WITH KRIS ATCHLEY FOR FOUR DAYS LAST
WEEK AND HAD A GOOD ROUND OF MEETINGS WITH THE GOVERNOR,
SEVERAL MINISTERS, TOP CIVIL SERVANTS DEALING WITH FINANCE,
FOOD, AND CIVIL SUPPLIES, THE IGP, THE VICE-CHANCELLOR,
AND AN ASSORTMENT OF BUSINESSMEN AND JOURNALISTS. NO
ONE ASKED ABOUT CIA OR U.S. ARMS TO PAKISTAN. SEVERAL
VOLUNTEERED THAT INDO-US RELATIONS SEEMED TO BE IMPROV-
ING AND HOPED THE PROCESS WOULD CONTINUE, AND THE EDUCA-
TION MINISTER HOPED WE WOULD REOPEN OUR LIBRARY IN HYDERA-
BAD (MADRAS 1227). THERE WAS NO EXPECTATION OF SERIOUS
UNREST IN THE NEAR FUTURE GROWING OUT OF EITHER THE ECONOMIC
OR POLITICAL SITUATION. NO ONE ASKED SPECIFICALLY ABOUT THE
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PROSPECTS FOR U.S. FOOD AID.

2. AS FAR AS THE MOST IMMEDIATELY PRESSING NATIONAL PROBLEM IS CONCERNED, ANDHRA PRADESH IS SURPLUS IN FOOD PRODUCTION AND IS THEREFORE IN GOOD SHAPE FOR THE NEAR FUTURE INsofar AS ITS OWN NEEDS ARE CONCERNED. TODAY RICE COSTS RS 2.40 PER KILO FOR FINE/SUPERFINE ON THE OPEN MARKET IN HYDERABAD AND ABOUT RS 1.60 PER KILO IN THE FAIR PRICE SHOPS. PEOPLE NOTE THAT THE OPEN MARKET PRICE IS UP FROM ABOUT RS 1.60 PER KILO A YEAR AGO, BUT THEY IMMEDIATELY ADD THAT THEY RECOGNIZE THAT THEY ARE STILL GETTING RICE AT THE LOWEST PRICE IN SOUTH INDIA AND ARE THEREFORE DOING WELL RELATIVE TO THEIR NEIGHBORS, WHO IN MADRAS, FOR EXAMPLE, ARE NOW HAVING TO PAY RS 4 PER KILO OR MORE. PEOPLE OF ALL CLASSES ARE FEELING THE PINCH OF RAPID INFLATION, YET OBSERVERS RULE OUT THE POSSIBILITY OF MASSIVE SOCIAL VIOLENCE IN REACTION TO ECONOMIC HARDSHIP, ALTHOUGH THEY ADMIT THE POSSIBILITY OF SHORT SPORADIC OUTBURSTS. MOST ATTRIBUTE THIS IN LARGE PART TO THE LOW EXPECTATIONS, INHERENT PASSIVITY AND NON-VIOLENT CHARACTER OF THE INDIAN MASSES. THE MINISTER FOR SOCIAL WELFARE SUMMED UP WHAT APPEARED TO BE THE GENERAL ATTITUDE IN HYDERABAD BY TELLING US THAT QTE IF ECONOMIC CONDITIONS COULD SPARK REVOLT IN INDIA, THE COUNTRY WOULD HAVE BEEN TORN APART LONG AGO UNQTE. THE FINANCE SECRETARY NOTED THAT PEOPLE MUST HAVE MONEY BECAUSE HE COULD OBSERVE NO DIMINUTION IN PUBLIC SPENDING FOR SUCH MINOR LUXURIES AS COFFEE AND MOVIES, LET ALONE MORE ESSENTIAL ITEMS LIKE SHOES AND CLOTHES.

3. ANDHRA PRADESH CONTRIBUTED 400,000 TONS OF RICE TO THE CENTRAL POOL IN 1973-74, WHEN THE STATE BROKE OUT OF ITS AGRICULTURAL STAGNATION AND PRODUCED 5.35 MILLION TONS OF RICE AND 2.8 MILLION TONS OF COURSE GRAINS, FOR A RECORD TOTAL OF ABOUT 8.2 MILLIONS TONS OF FOODGRAINS. HOWEVER, THIS ACHIEVEMENT IS NOT GOING TO BE REPEATED IN 1974-75; BECAUSE OF DROUGHT IN SEVERAL AREAS, RICE PRODUCTION THIS CROP YEAR MAY BE AS MUCH AS 20 PERCENT LESS THAN THE 1973-74 YIELD. CONSEQUENTLY ACCORDING TO SOME OFFICIALS, PROCUREMENT COULD BE OFF BY AS MUCH AS 200,000 TONS FROM THE 720,000 TONS PROCURED IN 1973-74, AND ANDHRA WOULD THEREFORE HAVE MUCH LESS RICE AVAILABLE FOR THE CENTRAL POOL, SINCE IT CONSIDERS 200,000 TONS TO BE THE MINIMUM FOR ITS OWN NEEDS. HOWEVER, THE CHIEF SECRETARY LIMITED OFFICIAL USE

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TOLD US THAT PROCUREMENT IN THE STATE BY COMPULSORY LEVY WOULD BE AS HIGH AS LAST YEAR REGARDLESS OF SHORT HARVEST, AND THAT THE STATE WOULD TAKE FIRM ACTION TO SEAL ITS BORDERS TO KEEP THE REST OF THE RICE INSIDE THE STATE AND TO KEEP PRICES ON THE OPEN MARKET LOW.

4. POLITICALLY ANDHRA PRADESH SEEMS TO BE IN A STATE OF ANTI-CLIMAX FOLLOWING LAST YEAR'S DISRUPTIVE SEPARATIST AGITATION. BUT THE

STATE'S ADMINISTRATIVE STABILITY SHOULD NOT BE MISTAKEN FOR POLITICAL STABILITY. THERE IS NOT MUCH EVIDENCE THAT THE FORCES OF INTEGRATION ARE SO FAR BEING STRENGTHENED IN ANY MEANINGFUL WAY. THE SIX-POINT FORMULA IS NOT A SERIOUS APPROACH TO THE DEVELOPMENT OF BASIC TRUST AND CONFIDENCE BETWEEN ANDHRA AND TELENGANA AND NOBODY REALLY BELIEVES IT IS. THE SAVING ELEMENT FOR THE SHORT-RUN IS THAT THE STATE IS STILL EXHAUSTED FROM LAST YEAR'S AGITATION AND NOBODY IS READY TO RESUME THE SEPARATIST STRUGGLE. MORE SPECIFICALLY, AND IMPORTANTLY, NOBODY IN THE CONGRESS PARTY SEEMS READY TO TAKE UP SEPARATIST AGITATION AGAIN IN THE NEAR FUTURE, AND WITHOUT POLITICAL SUPPORT WITHIN THE RULING PARTY ANYONE ELSE'S EFFORTS WOULD BE INEFFECTIVE.

5. BUT ONE CAN ALREADY IDENTIFY A CROP OF CONGRESS DISSIDENTS WHO, WHEN THEY CONSIDER THE TIME IS RIGHT, WILL TRY TO EXPLOIT REGIONALISM FOR THEIR OWN POLITICAL ADVANCEMENT. FOR THE SHORT RUN, HOWEVER, REGIONALISM IS LIKELY TO BE EXPLOITED FOR FACTIONAL ADVANTAGE WITHIN THE CONGRESS PARTY RATHER THAN BEING USED TO SPARK MASS AGITATION.

6. IT IS STILL TOO EARLY TO TELL HOW LONG OR TO WHAT EXTENT CHIEF MINISTER VENGAL RAO IS GOING TO BE IN CONTROL OF THE SITUATION. HIS MAJOR TACTIC SINCE HE TOOK CHARGE NINE MONTHS AGO APPEARS TO BE TO TRY TO PLEASE EVERYBODY BY FINDING SOME JOB FOR EVERY CLAIMANT. HE HAS ALSO TAKEN STEPS TO LINE UP THE POLICE SOLIDLY BEHIND HIM (HE HAS JUST INCREASED THE NUMBER OF DIGS FROM 6 TO 24) AND TO WIN THE SUPPORT OF GAZETTED OFFICERS BY PROPOSING THE CREATION OF A NEW STATE CIVIL SERVICE. SO FAR HE IS KEEPING AFLOAT, THOUGH THE RECENT ENLARGEMENT OF THE MINISTRY HAS INEVITABLY CREATED DISGRUNTLEMENT AND EVEN ANTAGONISM AMONG THE FACTIONS AND INDIVIDUALS NOT TAPPED FOR MINISTERIAL HONORS, AND THE PRESIDENT OF THE STATE CONGRESS PARTY HAD JUST WARNED THAT SOME LIMITED OFFICIAL USE

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CONGRESSMEN WERE PLANNING "BIHAR-TYPE AGITATION" IN THE STATE. ON MY LAST VISIT TO HYDERABAD IN FEBRUARY, VENGAL RAO HAD JUST BECOME CHIEF MINISTER AND THERE WAS MUCH VOLUNTEERING ALL AROUND OF HIGH PRAISE AND EXPECTATIONS ABOUT HIM. THIS TIME THERE WERE VERY FEW SUCH TESTIMONIALS.

7. THE DOMINANT ROLE OF THE CONGRESS HIGH COMMAND IN THE POLITICS OF ANDHRA PRADESH IS A SOURCE OF BOTH STRENGTH AND WEAKNESS FOR VENGAL RAO. BEING THE PRIME MINISTER'S MAN GIVES HIM SOME PROTECTION AND DEFENSE AGAINST HIS RIVALS, AT LEAST FOR THE SHORT RUN. BUT THE CONSTANT INTERFERENCE OF THE NATIONAL LEADERSHIP AND THE TREK TO DELHI BY DISSIDENTS POSE A MOUNTING THREAT TO HIS CREDIBILITY AND TO THE STABILITY OF HIS LEADERSHIP AND HAS ALREADY RAISED DOUBTS ABOUT HIS ABILITY TO TRANSLATE HIS OWN WISHES INTO ACTION. ON THE BASIS OF PAST

PERFORMANCE, THE CENTER WILL PROBABLY CONTINUE TO LISTEN TO
THE COMPLAINTS OF DISSIDENTS. IT HAS BEEN THE PRIME MINISTER'S
STYLE IN ANDHRA PRADESH TO KEEP IN TOUCH WITH ALL OF THE FACTIONS
AND TO WORK ON THE PREMISE THAT EVERYONE HAS HIS PRICE AND
CAN BE BOUGHTOFF AT THE PROPER TIME. (WHICH IS PRECISELY WHAT
SHE IS IN THE PROCESS OF DOING WITH CHENNA REDDY, THE TELENGANA
SEPARATIST LEADER. HE TOLD ME SHE HAD DANGLED THE UNITED
NATIONS AMBASSADORSHIP AND A COUPLE OF GOVERNORSHIPS IN
FRONT OF HIM, AND HE NOW EXPECTS TO GO RAJ BHAVAN IN BIHAR).
EAVES
UNQUOTE SCHNEIDER

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